

HCTC AT A GLANCE



Health Coverage
Tax Credit

HCTC

*The credit helps
eligible individuals pay
for health insurance.*

Eligibility

*Who is eligible
for the HCTC?*

General Requirements

*Eligible individuals must
meet general requirements.*

Receiving the HCTC

*Eligible individuals
can receive the HCTC
monthly or yearly.*

The Health Coverage Tax Credit (HCTC) is a federal tax credit program administered by the Internal Revenue Service (IRS). The HCTC pays 80% of qualified health insurance premiums, allowing eligible individuals to pay only 20%.

- Individuals receiving Trade Adjustment Assistance (TAA), Alternative Trade Adjustment Assistance (ATAA), or Reemployment Trade Adjustment Assistance (RTAA) benefits; and
- Individuals receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) who are between the ages of 55 and 65.

Eligible Individuals:

- Must have a qualified health plan. See reverse side for details.
- Cannot be claimed as dependents on another person's federal tax return.
- Cannot be enrolled in Medicare, Medicaid, Children's Health Insurance Program, Federal Employees Health Benefits Program, or the U.S. Military Health System.
- Cannot be in prison.
- **Monthly HCTC:** Individuals pay 20% of their health insurance premium to the HCTC program each month. The HCTC program then adds the 80% tax credit and sends a 100% payment to the health plan administrator.
- **Yearly HCTC:** Individuals pay their full health insurance premiums throughout the year. They file IRS Form 8885 with their federal tax return to receive the 80% HCTC as a refund or credit against taxes they owe.



www.irs.gov
(Keyword/Search HCTC)

Qualified Health Plans

The most common qualified health plans are COBRA, State-Qualified Health Plans and Spousal Coverage.

- **COBRA:** Individuals must pay more than 50% of the COBRA premium to receive the HCTC.
- **State-Qualified Health Plan (SQHP):** Please refer to the HCTC website for a listing of SQHPs.
- **Spousal Coverage:** The spouse must pay more than 50% of the premium.
- **Non-Group/Individual Health Plan:** The plan must have taken effect 30 days prior to an individual's last paid day of work. This type of health insurance is rare for the HCTC.

Recovery Act Changes That Help

The American Recovery and Reinvestment Act of 2009 enhanced the HCTC program.

- The tax credit increased from 65% to 80%.
- Eligible individuals can now keep their COBRA coverage for a longer period of time.
- Training requirements have eased for eligible TAA recipients.
- Individuals can be reimbursed for premiums paid while enrolling in the monthly HCTC.
- Qualified family members (spouses and dependents) can continue to receive the HCTC should the primary recipient experience divorce, death, or enrollment in Medicare (beginning January 2010).

All American Recovery and Reinvestment Act (ARRA) changes are set to expire December 31, 2010 unless reauthorized by Congress.

HCTC vs. COBRA Premium Reduction

Individuals should determine if the HCTC or COBRA Premium Reduction best suits their needs.

The COBRA Premium Reduction is a program created by the stimulus bill in which former employers pay 65% of COBRA premiums.

HCTC vs. COBRA Premium Reduction:

- The HCTC pays 80%, COBRA Premium Reduction pays 65%.
- Individuals cannot receive the HCTC and COBRA Premium Reduction in the same month.
- Individuals may switch from the COBRA Premium Reduction to HCTC. By the time an individual receives his or her first HCTC invoice, the COBRA Premium Reduction must have stopped.

Email questions or requests
for HCTC materials to:
wi.hctc.stakeholder@irs.gov

Call the HCTC Customer Contact Center:
1-866-628-HCTC (4282)
1-866-626-4282 (TDD/TTY)